

PM-16-013

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Date

February 19, 2016

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Tim B. Witt, Deputy Administrator /s/ Tim B. Witt

Subject

Livestock Underwriting Capacity - Whole-Farm Revenue Policy

Background

Changes for the 2016 crop year to the Whole Farm Revenue Protection (WFRP) plan of insurance included removal of the 35 percent of expected revenue limitation for animals and animal products (livestock) resulting in greater access to WFRP for these producers. Approved Insurance Providers (AIPs) and agents are reminded the WFRP policy requires underwriting capacity to be available for animals and animal products before an application may be accepted. WFRP uses the fund associated with conducting livestock programs, which is \$20,000,000 each Fiscal Year.

Underwriting expenses relating to all programs covering livestock, including both premium subsidy and administrative and operating expenses, are limited by the amount of this fund. The allocation of funds to the various livestock programs and WFRP are managed and distributed by the FCIC's Underwriting Capacity Manager.

Action

AIP's and agents are reminded WFRP applications that include expected revenue from animals and animal products should be timely processed to determine

availability of appropriate funds. Commodities considered to be animals and animal products are identified on the 'Commodity' page in the Actuarial Information Browser. If the animal and animal products underwriting capacity for WFRP has been exhausted, no WFRP applications with animals and/or animal products will be eligible for WFRP. The underwriting capacity for animals and animal products is distributed on a first come, first served basis.

AIPs must receive notice that capacity is available prior to accepting the application for WFRP with expected revenue from animals and animal products reported on the Intended Farm Operation Report. To determine whether capacity is available, records 19-whole farm report and 19A-whole farm report detail, must be submitted to PASS for processing. If capacity is available the PASS P19 record field 'Process Result Code' will equal 'A' (accepted) and there will be a value in field 'Remaining Fiscal Year Capacity'.

For policies with accepted applications that later have a Revised Farm Operation Report indicating more expected revenue from animals and animal products than originally submitted on the Intended Farm Operation Report, including if a farm has added animals and animal products and didn't previously report such, and the livestock underwriting capacity has been exhausted, the provisions in section 46(k) of the WFRP policy will apply. Accordingly, the amount of expected revenue from animals and animal products exceeding any capacity allocation assigned after the application was accepted is not included when calculating the producer's insurance guarantee. However, all revenue from animals and animal products will be included as revenue to count.

DISPOSAL DATE:

Until incorporated into procedure.